

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01

/097 W

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R 011620Z APR 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 2346

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY LONDON

AMEMBASSY PARIS

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E.O. 11652: N/A

TAGS: ETRD, EAGR, BR

SUBJECT: COFFEE: IBC PRESIDENT'S VISIT TO WASHINGTON

REF: STATE 061203

1. CONGEN HAS RECEIVED COPY OF DRAFT FOR NEW ICA PREPARED BY BRAZIL AND REPORTEDLY APPROVED BY COLOMBIA. PROPOSAL WILL BE SUBMITTED TO PRODUCERS AT APRIL 8 LONDON MEETING FOR CONSIDERATION AND, HOPEFULLY, APPROVAL. COPIES HAVE BEEN POUCHED TO JOHN INGERSOLL EB/ORF AND TO AMEMBASSY BRASILIA.

2. PRINCIPAL POINTS IN TEXT ARE:

A) EXPORT QUOTAS WOULD BE DISTRIBUTED AMONG PRODUCER MEMBERS ACCORDING TO THEIR EXPORT VOLUMES DURING COFFEE YEARS 1968/69 - 1971/72. EXPORT ENTITLEMENTS
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WOULD BE SET ANNUALLY ON BASIS OF ANNUAL AVERAGE

DISAPPEARANCE OF ALL COFFEE IN CONSUMING COUNTRIES DURING PREVIOUS 3 YEARS. EXPORTS IN ANY GIVEN QUARTER SHOULD NOT EXCEED 26 PERCENT OF ANNUAL QUOTA. COUNTRIES WOULD NOTIFY BY EIGHTH MONTH OF COFFEE-YEAR ANY ANTICIPATED EXPORT SHORTFALLS. THESE SHORTFALLS WOULD BE REDISTRIBUTED TO OTHER PRODUCERS, WHO WOULD SHIP THESE ADDITIONAL AMOUNTS DURING SUBSEQUENT THREE QUARTERS. THE INDICATOR PRICES WOULD BE CALCULATED FROM AVERAGE OF NEW YORK FUTURES CONTRACTS FOR OTHER MILDS AND ON LONDON FUTURES QUOTATIONS FOR ROBUSTAS.

B) COFFEE PRICES WOULD BE ADJUSTED AUTOMATICALLY EACH YEAR TO REFLECT CHANGES IN US DOLLAR/SDR PARITY AND, ON APPROVAL BY THE COUNCIL, IN PURCHASING POWER OF COFFEE EARNINGS IN RELATION TO PRODUCERS IMPORTS OF MANUFACTURES. PRICES WOULD FLUCTURATE BY 10 PERCENTAGE POINTS ON EITHER SIDE OF A CENTRAL PARITY, WITH INNER RANGE OF 5 PERCENTAGE POINTS ON EITHER SIDE OF PARITY. MINIMUM OUTER LIMIT OF RANGE FOR INITIAL YEAR OF AGREEMENT WOULD AVERAGE UNIT VALUE OF COFFEE EXPORTED BY GUATEMALA AND ANGOLA IN 1962, ADJUSTED TO REFLECT CHANGES BOTH IN DOLLAR/SDR PARITY AND IN DECLINE OF AVERAGE COFFEE PURCHASING POWER BETWEEN 1962 AND FIRST SEMESTER 1976.

C) INTERNATIONAL GUARANTEE STOCK (IGS) OF 10 MILLION BAGS WOULD BE ESTABLISHED UNDER INTERNATIONAL CONTROL BUT RETAINED IN MEMBER COUNTRIES. IGS, WHICH WOULD PAY \$30 PER BAG TO PRODUCER COUNTRIES, WOULD BE FINANCED BY BOTH EXPORTERS AND CONSUMERS. EXPORTERS WOULD CONTRIBUTE \$1 PER BAG SHIPPED TO MEMBER COUNTRIES AND \$2 PER BAG SHIPPED TO NON-MEMBER COUNTRIES. CONSUMERS WOULD CONTRIBUTE \$1 PER BAG ON IMPORTS FROM MEMBER COUNTRIES AND \$2 PER BAG ON IMPORTS FROM NON-MEMBER COUNTRIES. IN ADDITION TO FINANCING PURCHASES FOR IGS, THESE FUNDS WOULD HELP FINANCE STORAGE COSTS.

D) PRICE STABILIZATION WOULD FUNCTION IN FOLLOWING MANNER. IF DURING TEN SUCCESSIVE MARKET DAYS COMPOSITE PRICE STAYS ABOVE OR BELOW LIMITS OF INNER LIMITED OFFICIAL USE

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RANGE (5 PERCENT) ANNUAL QUOTAS WOULD BE INCREASED OR DECREASED BY 3 PERCENT. IF PRICE MOVES ABOVE OR BELOW OUTER LIMITS (10 PERCENT), AN ADDITIONAL 6 PERCENT ADJUSTMENT IN QUOTAS WOULD BE MADE. IF PRICE PERSISTS AT 2 CENTS ABOVE OUTER LIMIT FOR 10 CONSECUTIVE MARKET DAYS, IGS WILL BE ACTIVATED. IF THESE MEASURES ARE INEFFECTIVE, EXECUTIVE BOARD WOULD CONSIDER ADDITIONAL ACTIONS.

E) AGREEMENT CALLS FOR ELIMINATION OF MEASURES THAT
IMPEDE EXPANSION OF COFFEE CONSUMPTION, E.G., TARIFFS,
IMPORT QUOTAS, GOVERNMENT MONOPOLY TRADE AGENCIES.

F) NEW MARKET CATEGORY (ANNEX B) OF 1968 AGREEMENT
WOULD BE ABOLISHED.

G) ARTICLE 12 OF 1968 AGREEMENT (VOTING PROCEDURES)
WOULD BE MAINTAINED.

H) ARTICLE 48 OF 1968 AGREEMENT (EXPORTS OF SOLUBLE
COFFEE) WOULD BE REPLACED BY A TEXT SIMILAR TO
ARTICLE 53 OF INTERNATIONAL COCOA AGREEMENT.
DEXTER

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Message Attributes

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Disposition Date: 28 MAY 2004
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Margaret P. Grafeld
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